



MATHS

BOOKS - PEARSON IIT JEE

FOUNDATION

TAXATION

Example 23 1

1. The monthly salary of Madhuri is Rs. 15,000.

She contributes Rs. 5000 to the PM's National

Relief Fund and Rs. 2500 to a hospital. She also pays an annual premium of Rs. 2000 towards her LIC policy. Compute her income tax.



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Example 23 2

1. Raghav's monthly salary is Rs. 20,000. He donates Rs. 15,000 per annum for cancer

research and Rs. 1000 to NDF. He contributes Rs. 50,000 to PPF. Compute his income tax.



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Example 23 3

1. Somu earned a monthly salary of Rs. 17,500. He contributed Rs. 5250 per month toward LIC premium. Find the tax paid by him. (in Rs.)

A. 20094.5

B. 21016.5

C. 21052.5

D. 21052.5

Answer:



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Example 23 4

1. Ashwin's annual salary was Rs. 150,000. He contributed Rs. 5000 to Public Provident Fund

and Rs. 10,000 to National Saving Certificate.

Find the income tax paid by him. (in Rs.)

A. 10200

B. 10500

C. 10800

D. 11200

Answer:



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1. Ganesh's salary is Rs. 25,000 per month. He contributes Rs. 25,000 to Contributory Provident Fund and Rs.20,000 to Public Provident Fund. He donates Rs.13,000 to the PM's National Relief Fund and Rs. 15,000 to Medical Research. Find his net taxable income. (in Rs.)

A. 243000

B. 247000

C. 251000

D. 25500

Answer:



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Example 23 6

1. Rakesh bought a radio for Rs. 1296. This price includes a discount of 20% offered on the marked price and 8% sales tax on the

remaining amount. Find the marked price of the ratio.



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Example 23 7

1. The list price of an article is Rs. 2160 and sales tax applicable on the article is 8%. If a customer asked the shopkeeper to give discount on its list price such that he pays Rs.

2160 inclusive of sales tax, then find the per cent of discount offered.



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Example 23 8

1. A fridge has a listed price of Rs.16,000. Successive discount of 10% and 20% are given on its listed price. Sales tax is then charged at 30%. Ravi bought it for Rs. S which includes the sales tax. Find S.

A. Rs. 16,000

B. Rs. 15,848

C. Rs. 16,168

D. Rs. 14,976

Answer:



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Example 23 9

1. Amit bought a TV for Rs. 17,280 at a discount of 20 % followed by a 20 % sales tax. Had a 10 % discount been offered instead, followed by a 10 % sales tax, he would have bought it at a price which, including the sales tax, would have been _____ .

- A. Rs. 170 less
- B. Rs. 140 less
- C. Rs. 280 more
- D. Rs. 540 more

Answer:



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Test Your Concepts Very Short Answer Type Questions

1. The tax charged on the sale of goods that are moved from one state to other is called _____ .



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2. If the marked price of an article is Rs. 100 and sales tax is 12% , then the selling price is Rs. _____ .



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3. The tax imposed on an individual of group of individuals which affects them directly, and is paid to the government directly is known as _____ .



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4. The tax imposed on an individual or a group of individuals on their annual incomes is known as _____ .



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5. A financial year begins from _____ .



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6. Kumar paid Rs. 220 to buy an article including 10% sales tax. Then, the selling price of the article is Rs. _____ .



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7. Exemption rate on donation to Prime Minister's National Relief Fund is _____ .



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8. While assessing income tax, the year next to a financial year is called _____ year for that financial year.



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9. Ajay paid Rs. 150 to buy an article whose selling price is Rs. 120. The amount of sales tax paid by Ajay is Rs. _____ .



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10. Every assessee is expected to file a statement of the previous year's income to the income tax department in a prescribed form which is known as _____ .



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11. The tax paid by the first person is less than the tax paid by the second person. If neither of them saved any amount, then the second person has more income. (True/False)



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12. Rate of surcharge if annual taxable income exceeds Rs. 60,000 is _____ .



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13. Anand paid Rs. 30 as sales tax on a bottle of mineral water with a marked price of Rs. 400. Calculate the rate of sales tax.



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14. The Annual Union Budget is usually presented in the Lok Sabha every year, on _____ .



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15. A washing machine is available for Rs. 7950, including sales tax. If the rate of sales tax is 6%, find the list price of the washing machine.



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Short Answer Type Questions

1. Find the list price of a bicycle which costs Rs.1595, inclusive of sales tax. The rate of sales tax is 10 % .



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2. The marked price and the selling price of an article are Rs. 1500 and Rs. 1800, respectively. If there is no discount, find the rate of sales tax.



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3. Madhu bought the following items from a super market :

- (i) Soaps worth Rs. 220,
- (ii) Cosmetics worth Rs. 580 and
- (iii) Vegetables worth Rs.650.

If sales tax is charged at the rate of 5% on soaps,

10% on cosmetics, and 2% on vegetables, then find the total amount paid by Madhu.



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4. Prasad has a total salaried income of Rs. 160,000 per annum. Calculate the amount of income tax he has to pay.



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5. Rijwana's monthly salary is Rs.25,000. She contributes Rs.600 per month towards GPF and pays Rs.7000 towards annual LIC premium. Find the amount of income tax she has to pay for the last month if she paid Rs.

4000 per month towards income tax for 11 months.



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Essay Type Questions

1. Ramakanth draws a salary of Rs. 15,000 per month. He contributes Rs. 5000 per month towards PPF. He also donates Rs. 1250 per month towards medical research. Calculate the income tax Ramakanth has to pay.



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2. Khalique's monthly salary is Rs.20,000. He donates Rs. 1500 per month for medical research (100% , relief), contributes Rs.2000 per month to PF, and pays annual LIC premium of Rs. 3000. Calculate the income tax he has to pay for the financial year.



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3. Chakradhar buys a TV marked at Rs. 14,500 after receiving successive discounts of 15 % and 20 % and paying 10 % sales tax. He spends Rs. 2000 on it and sells the TV for Rs. 12,000. Find his gain or loss percent.



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4. Subiksha earns Rs. 12,500 per month. She donates Rs. 3300 per month towards Prime

Minister National Relief Fund (100% relief).

Find the amount of tax she has to pay.



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5. Laxmikala, a senior citizen receives a pension of Rs. 12,000 per month. Calculate the income tax to be paid by her.



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Level 1

1. Ramu purchased a motorcycle at a price of Rs. 37,800 which includes sales tax. If the rate of sales tax is 8%, then what is the list price of the motorcycle ?

A. Rs. 31,000

B. Rs. 33,000

C. Rs. 35,000

D. Rs. 37,000

Answer: C



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2. Rohan buys a pair of shoes marked at Rs.2500. He receives a rebate of 8% on it. After receiving the rebate, sales tax is charged at the rate of 5%. What is the amount Rohan will have to pay for the pair of shoes ?

A. Rs.2400

B. Rs.2415

C. Rs.2430

D. Rs.2445

Answer: B



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3. Raju purchased a car for Rs.155,750, inclusive of sales tax. He paid Rs. 5750 as sales tax. What is the rate of sales tax ?

A. $3\frac{2}{3}\%$

B. $3\frac{3}{4}\%$

C. $3\frac{4}{5}\%$

D. $3\frac{5}{6}\%$

Answer: D



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4. Amar wants to buy a shirt which is listed at Rs. 378.

The rate of sales tax is 8% . He requested the shopkeeper to reduce the list price to such an extent that he has to pay not more than Rs.378 including sales tax. What is the minimum reduction needed in the list price of the shirt ?

A. Rs. 24

B. Rs. 26

C. Rs. 28

D. Rs. 30

Answer: C



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5. Ramesh purchased a bag listed at Rs. 550. If the rate of sales tax is 8% , then what is the amount of sales tax paid by him ?

A. Rs. 42

B. Rs. 43

C. Rs. 44

D. Rs.45

Answer: C



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6. Ismail gets a monthly salary of Rs. 12,500. He contributes Rs. 3500 per month towards PF. Calculate the income tax paid by him.

A. Rs. 3000

B. Rs. 5600

C. Rs. 4830

D. Rs. 3300

Answer: C



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7. Rakesh purchased a car which was quoted at Rs. 256,000. The dealer charged sales tax on it at the rate of 12%. As Rakesh wanted to take

the car outside the state, the dealer further charged 3 % extra as central sales tax. What is the amount he had to pay for the car ?

A. Rs. 295,123.60

B. Rs.286,720

C. Rs.294,400

D. None of these

Answer: C



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8. Satish earns an annual salary of Rs.150,000 and the standard deduction applicable to him is 40 % of the salary of Rs.30,000, whichever is less. Then his net taxable income is _____ .

A. Rs. 30,000

B. Rs. 120,000

C. Rs.60,000

D. Rs.90,000

Answer: B



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9. Ajay purchased a computer for Rs.34,650 which includes 12% rebate on the marked price and 5% sales, tax on the remaining price. What is the marked price of the computer ?

A. Rs. 35,000

B. Rs. 37,500

C. Rs.40,000

D. Rs. 42,500

Answer: B



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10. Dinakar's salary is Rs.30,000 per month. He contributes Rs.27,000 towards GPF and Rs.30,000 towards LIC.

He donates Rs.8,000 to a charitable trust (50 %), Rs.10,000 towards National Relief Fund (100 % relief).

Calculate taxable income.

A. Rs.198,000

B. Rs.280,000

C. Rs.326,000

D. Rs.380,000

Answer: C



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11. Dinakar's salary is Rs.30,000 per month. He contributes Rs.27,000 towards GPF and Rs.30,000 towards LIC.

He donates Rs.8,000 to a charitable trust (50 %), Rs.10,000 towards National Relief Fund (100 % relief).

Find the rebate amount on his savings.

A. Rs.15,350

B. Rs.10,250

C. Rs.8550

D. Rs.20,000

Answer: C



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12. If the marked price of an article is Rs.M, then find the rate at which sales tax is charged if the person pays Rs.M inclusive of sales tax. Discount allowed is 10% .

A. 9%

B. 10%

C. $11\frac{1}{9}\%$

D. $9\frac{1}{11}\%$

Answer: C



13. The list price of a TV is Rs.15,000, and the shopkeeper allows a discount of 20 % and 10 % successively on list price. On the remaining amount, he charges 20 % as sales tax. If the buyer paid Rs.x, then by how much amount will the list price exceed Rs.x?

A. Rs. 3000

B. Rs.4200

C. Rs.2040

D. Rs.5000

Answer: C



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14. Saritha's annual salary is Rs. 160,000. She contributes Rs. 6000 towards GPF and pays an LIC annual premium of Rs. 5000. Calculate the income tax she will have to pay in the year.

A. Rs.16,117.50

B. Rs.15,117.50

C. Rs.17,117.50

D. Rs.16,017.50

Answer: A



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15. Ranjit purchased a refrigerator for the price of Rs. 8910 which includes 10% rebate on marked price and 10% sales tax on the remaining price. If the sales tax is increased to

20% without allowing the 10% rebate on the market price, how much more will the customer pay for a refrigerator ?

A. Rs.1850

B. Rs.1890

C. Rs.1860

D. Rs.1840

Answer: B



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1. The list price of an article is 50 % more than its original cost price. The shopkeeper allowed a discount of 20 % and charged a sales tax of 20 % on it. Finally, the buyer paid Rs.2880.

What is the cost price of the article ?

A. Rs.2500

B. Rs.3500

C. Rs.3000

D. Rs.2000

Answer: D



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2. If the tax to be paid is Rs. 12,700 and surcharge is calculated as 10% of the tax payable, then find the net tax payable.

A. Rs.13,970

B. Rs.14,690

C. Rs.12,690

D. Rs.13,500

Answer: A



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3. Mr Ranvir Patnikar earns an annual salary of Rs. 270,000. If his employer deducts Rs. 3000 every month from his salary for the first 11 months, then calculate the amount he has to pay towards tax in the last month of the financial year.

Standard deduction is 40% of the salary or Rs.30,000, whichever is less. The income tax on

his earnings is calculated based on data given below.

Slabs for income tax:

(i) Upto Rs.50,000-Nil

(ii) From Rs.50,000- 10 % of amount Rs100,000 exceeding 50,000

(iii) From Rs.100,001-Rs.50000+ 20 % of the Rs. 200,000 amount exceeding Rs.1,00,000

(iv) Above Rs.200,000-Rs25,000+ 30 % of the amount exceeding Rs200,000

A. Rs.3000

B. Rs.4000

C. Rs.5000

D. Rs.6000

Answer: B



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4. The annual salary Mr Ravi Teja is Rs. 178,500.

He donates Rs.750 per month towards the National Defence Fund (eligible for 100% exemption).

It standard deduction is 30% of the gross

salary income or Rs. 30,000, whichever is less,
and then find his net taxable income.

A. Rs.148,000

B. Rs.147,250

C. Rs.139,500

D. Rs.150,000

Answer: C



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5. Siri's total income is Rs. 16,500. Of this, Rs.5000 is free from tax. Find the net income remaining with her after she paid the income tax at 5 % . (in Rs.)

A. 10925

B. 15675

C. 15925

D. 14750

Answer: C



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6. Bala bought a motorbike at Rs.49,050 which included sales tax. The rate of sales tax was 9 % . Find the, listed price of the motorbike. (in Rs.)

A. 44000

B. 45000

C. 46000

D. 47000

Answer: B



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7. David earns an annual salary of Rs.160,000. If the standard deduction applicable to him is 30% of his gross salary of Rs.50,000 whichever is less, find his net taxable income.

(in Rs.)

A. 110000

B. 118000

C. 112000

D. 108000

Answer: C



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8. Giri bought an auto for Rs.89,880 which included a sales tax of Rs.5880. Find the rate of the sales tax

A. 5 %

B. 8 %

C. 9 %

D. 7 %

Answer: D



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9. Hari bought a raincoat marked at Rs.550. He received a 15 % discount on it, but he had to pay 10 % sales tax on the discounted price.

Find the price which he paid for raincoat (in Rs.) inclusive of sales tax.

A. 508.25

B. 514.25

C. 520.25

D. 526.25

Answer: B



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10. Amar bought a book listed at Rs.350. The rate of sales tax was 6% Find the sales tax paid by Amar.

(in Rs.)

A. 14

B. 17.50

C. 21

D. 24.50

Answer: C



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Level 3

1. Manish's annual income is Rs. 132,000. There is no income tax on the money donated to charity. On the remaining amount, he pays Rs. 4480 as income tax at 4%. What amount did he donate to the charity ?

A. Rs.24,500

B. Rs.20,000

C. Rs.30,000

D. Rs.18,250

Answer: B



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2. Amrit Raj bought a mobile handset for Rs.5040 which includes 10% discount on the market price and 12% sales tax on the remaining price. Find the marked price of the mobile phone.

A. Rs.4672

B. Rs.5124

C. Rs.5000

D. Rs.4830

Answer: C



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3. Laxmi's total income is Rs. 22,500. Of this, Rs.7000 is free from tax. Find the net income

remaining with her after she paid income tax at the of 8 % . (in Rs.)

A. 21375

B. 21260

C. 20675

D. 22105

Answer: B



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4. Rajnesh's annual income is Rs. 180,000. He pays no income tax on the money invested in premiums.

On the remaining amount, he pays Rs.10,920 as income tax at 7%. What amount does he invest in premiums ?

A. Rs. 18,000

B. Rs. 22,500

C. Rs. 24,000

D. Rs.27,400

Answer: C



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5. Karan bought a TV for Rs.9350 which includes 15% discount on the marked price, and then 10% sales tax on the remaining price. Find the marked price of the TV. (in Rs.)

A. 9000

B. 9750

C. 10200

D. 10000

Answer: D



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6. Govind earned an annual salary of Rs. 330,000. His employer deducted Rs. 3000 per month from his salary for the first 11 months of the financial year. Find the amount of tax he paid (in Rs.) in the last month of that year

using the following information.

If standard deduction is 45% of salary or Rs.150,000 whichever is less. Income tax on taxable income is calculated in the following manner.

(i) Less than or equal to Rs. 50,000- Nil

(ii) From Rs.50,000 to Rs. 100,000 : 20% of the amount exceeding Rs.50,000

(iii) From Rs.100,001 to Rs.150,000 : Rs.10,000 + 30% of the amount exceeding Rs.100,000

(iv) Above Rs. 150,000: Rs. 25,000+ 40% of the amount exceeding Rs. 150,000

A. 6400

B. 5600

C. 4800

D. 4600

Answer: D



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7. Eswar earned an annual salary of Rs. 102,000. The standard deduction was Rs. 30,000. Donations upto 10% of gross salary

were exempt from tax. He donated Rs. 1050 per month to the National Defence Fund. Find his net taxable income. (in Rs.)

A. 59400

B. 61800

C. 60200

D. 60800

Answer: B



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8. An article was marked at Rs. M . A 10% discount was given on it. The sales tax was then charged at $y\%$.

A person bought it for at Rs. P (where $p \geq m$) which included the sales tax. The rate of y must be at least _____ .

A. 10

B. $9\frac{1}{11}$

C. $11\frac{1}{9}$

D. $12\frac{1}{2}$

Answer: C



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9. The sales tax to be paid for an article is Rs. 13,500.

A surcharge of 8% of the sales tax was also payable Find the total amount of tax payable.

(in Rs.)

A. 14580

B. 12420

C. 12960

D. 14040

Answer: A



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10. An article was marked at Rs. m . A discount of $x\%$ was given on it. A sales tax of $x\%$ was then charged. A person bought it for Rs. s which included the sales tax. Which of the following can be concluded ?

A. $s < m$

B. $s = m$

C. $s > m$

D. None of the above

Answer: A



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